

SECURIT

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

OMB APPROVAL

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 03/31/08
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

WEDGE SECURITIES, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

9800 MT. PYRAMID CT., SUITE 304

(No. and Street)

ENGLEWOOD

(City)

COLORADO

(State)

80112

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Terry Nickels

(303) 476-5916

(Area Code - Telephone No.)

PROCESSED

JUN 09 2008

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

EHRHARDT KEEFE STEINER & HOTTMAN PC

(Name - if individual, state last, first, middle name)

7979 EAST TUFTS AVE., SUITE 400

(Address)

DENVER

(City)

COLORADO

(State)

80237

(Zip Code)

CHECK ONE:

☒

Certified Public Accountant

☐

Public Accountant

☐

Accountant not resident in United States or any of its possessions.

THOMSON REUTERS

SEC
Mail Processing
Section

MAY 30 2008

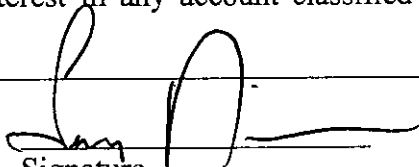
Washington, DC
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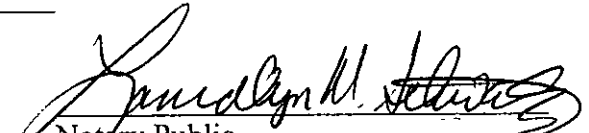
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Terry Nickels, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of WEDGE SECURITIES, LLC, as of March 31, 2008 are true and correct. I further swear (or affirm) that neither the Company nor any partner, proprietor, principal or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Signature
CFO
Title


Notary Public

This report** contains (check all applicable boxes):

MY COMMISSION EXPIRES
12/08/08

- ☒ a. Facing page.
- ☒ b. Statement of Financial Condition.
- ☒ c. Statement of Income (Loss).
- ☒ d. Statement of Cash Flows.
- ☒ e. Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ f. Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ g. Computation of Net Capital.
- ☐ h. Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ i. Information Relating to the Possession or Control Requirement under Rule 15c3-3.
- ☐ j. A Reconciliation, Including Appropriate Explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A 15c3-3.
- ☐ k. A Reconciliation Between the Audited and Unaudited Statements of Financial Condition with Respect to Methods of Consolidation.
- ☒ l. An Oath or Affirmation.
- ☐ m. A Copy of the SIPC Supplemental Report.
- ☐ n. A Report Describing any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the Previous Audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

WEDGE SECURITIES, LLC

**Financial Statements
and
Independent Auditors' Report
March 31, 2008**

EKS&H

**EHRHARDT • KEEFE
STEINER • HOTTMAN PC**

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

WEDGE SECURITIES, LLC

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EHRHARDT • KEEFE
STEINER • HOTTMAN PC

CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

7979 E. Tufts Avenue, Suite 400

Denver, Colorado 80237-2843

P: 303-740-9400 F: 303-740-9009

INDEPENDENT AUDITORS' REPORT

To the Member
Wedge Securities, LLC
Englewood, Colorado

We have audited the accompanying statement of financial condition of Wedge Securities, LLC (the "Company") as of March 31, 2008, and the related statements of income, changes in member's equity and cash flows for the 15-month period then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wedge Securities, LLC as of March 31, 2008, and the results of its operations and its cash flows for the 15-month period then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying schedule is presented for additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ehrhardt Keefe Steiner & Hottman PC

May 27, 2008
Denver, Colorado

WEDGE SECURITIES, LLC

**Statement of Financial Condition
March 31, 2008**

Assets

Current assets	
Cash	\$ 394,803
Commissions and fees receivable	253,479
Deposit with clearing broker	263,935
Prepaid expenses	<u>21,253</u>
Total current assets	<u>933,470</u>
Non-current assets	
Property and equipment, net	31,168
Deposit	<u>10,000</u>
Total non-current assets	<u>41,168</u>
Total assets	<u>\$ 974,638</u>

Liabilities and Member's Equity

Current liabilities	
Accounts payable and accrued liabilities	\$ 56,648
Commissions payable - member	184,000
Due to member	<u>369,131</u>
Total current liabilities	609,779
Commitments and contingencies	
Member's equity	<u>364,859</u>
Total liabilities and member's equity	<u>\$ 974,638</u>

See notes to financial statements.

WEDGE SECURITIES, LLC

Statement of Income
For the 15-Month Period Ended March 31, 2008

Commissions and fees	<u>\$ 7,821,806</u>
Expenses	
Commissions	4,804,535
Clearing costs	1,182,971
Salaries, wages and benefits	707,299
Shared services, member	190,000
Professional services	170,335
Other	130,313
Trading errors	128,342
Exchange fees	<u>14,231</u>
Total expenses	<u>7,328,026</u>
Income from operations	493,780
Interest income	<u>18,951</u>
Net income	<u>\$ 512,731</u>

See notes to financial statements.

WEDGE SECURITIES, LLC

Statement of Changes in Member's Equity For the 15-Month Period Ended March 31, 2008

	<u>Member's Capital</u>	<u>Accumulated Earnings</u>	<u>Total Member's Equity</u>
Balance -December 31, 2006	\$ 207,440	\$ 1,339,133	\$ 1,546,573
Distributions to member	-	(1,694,445)	(1,694,445)
Net income	<u>-</u>	<u>512,731</u>	<u>512,731</u>
Balance - March 31, 2008	<u>\$ 207,440</u>	<u>\$ 157,419</u>	<u>\$ 364,859</u>

See notes to financial statements.

WEDGE SECURITIES, LLC

Statement of Cash Flows
For the 15-Month Period Ended March 31, 2008

Cash flows from operating activities	
Net income	\$ 512,731
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation	5,545
Changes in assets and liabilities	
Commissions and fees receivable	100,149
Deposit with clearing broker	(63,258)
Prepaid expenses	(21,253)
Accounts payable and accrued expenses	22,764
Commissions payable	(157,510)
	(113,563)
Net cash used in operating activities	399,168
Cash flows from investing activities	
Purchase of property and equipment	(36,713)
Deposit	(10,000)
Net cash used in investing activities	(46,713)
Cash flows from financing activities	
Cash advances to former member	(851,834)
Cash advances from member	369,131
Net cash used by financing activities	(482,703)
Net decrease in cash	(130,248)
Cash - beginning of year	525,051
Cash - end of year	\$ 394,803

Supplemental disclosure of non-cash activity:

During the 15-month period ended March 31, 2008, the Company recorded a reduction in amounts due from its former member of \$1,694,445 as distributions to the former member.

See notes to financial statements.

WEDGE SECURITIES, LLC

Notes to Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies

Wedge Securities, LLC (the "Company") was formed as a limited liability company in the state of Delaware on March 4, 2003 and is a registered broker-dealer under the Securities and Exchange Act of 1934 (the "Act"). The Company's sole member was Geronimo Financial, Inc. until June 1, 2007 when the Company was sold to Wedge Partners, Inc. which is the sole member after June 1, 2007. The Company serves as the broker-dealer for security trades for institutions and individuals. The Company conducts its operations in the state of Colorado.

The Company operates pursuant to Rule 15c3-3(k)(2)(B) of the Act and does not carry customer accounts or clear customer transactions. Accordingly, all transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that its clearing broker will keep such records of the transactions effected and cleared in the customer accounts as are customarily kept by a clearing broker pursuant to Rules 17a-3 and 17a-4 of the Act and perform all services customarily incident thereto. All customer funds and securities received, if any, are transmitted directly to the clearing broker. Therefore, the Company is exempt from the remaining provisions and requirements of Rule 15c3-3 of the Act.

The Company is part of a group of entities affiliated through common ownership. Accordingly, these affiliations and other related party disclosures must be taken into consideration in reviewing the accompanying financial statements (Note 2). The operating results of the Company could vary significantly from those that would have been obtained had the Company operated independently.

Fiscal Year End

On December 3, 2007, the Company was granted permission from the Financial Industry Regulatory Authority of the Securities and Exchange Commission to change its fiscal year end to March 31. Accordingly, the accompanying financial statements include operations and cash flows for the 15-month period from January 1, 2007 through March 31, 2008.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Company continually monitors its positions with, and the credit quality of, the financial institutions with which it invests. As of the balance sheet date and periodically throughout the year, the Company maintained balances in cash accounts in excess of federally insured limits. The Company had no cash equivalents as of March 31, 2008.

Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentration of credit risk consist principally of cash and cash equivalents, commissions and fees receivable and deposit with clearing broker. The Company places its temporary cash investments with what management believes are high-credit, quality financial institutions. The Company performs credit and other analysis relating to those with whom it transacts business in order to reduce the credit risk relating to commissions and fees receivable and deposit with clearing broker.

WEDGE SECURITIES, LLC

Notes to Financial Statements

Note 1 - Description of Business and Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, commissions and fees receivable, deposit with clearing broker, accounts payable and commissions payable approximated fair value as of March 31, 2008 because of the relatively short maturity of these instruments.

Commissions and Fees Receivable

The Company records commissions receivable from its clearing broker and management fees receivable as commissions and fees are earned. The Company typically receives payment in full shortly after the receivable is recorded and has determined that no allowance for uncollectible amounts is necessary. The Company historically has not experienced losses from uncollectible accounts.

Deposit with Clearing Broker

Deposit with clearing broker includes funds deposited with the clearing broker to offset certain risks assumed by the clearing broker related to clearing and settling securities and cash transactions on behalf of the Company's customers.

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided utilizing the straight-line method over the estimated useful lives for owned assets, ranging from three to five years and the lesser of the estimated useful lives or lease term for leasehold improvements. Accumulated depreciation was \$5,545 at March 31, 2008.

Revenue Recognition

The Company records securities transactions and related revenue and expenses on a trade date basis, which is the date that a transaction is executed.

Income Taxes

The Company is not considered a separate taxable entity for income tax purposes. Accordingly, all taxable income and losses are reported on the income tax return of the member and no provision for income taxes has been recorded in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

WEDGE SECURITIES, LLC

Notes to Financial Statements

Note 2 - Related Party Transactions

As discussed in Note 1, the Company serves as the broker-dealer for its sole member and served as broker-dealer for its former member during the 15-month period ended March 31, 2008. Substantially all of the Company's revenue was derived from transactions executed on behalf of clients of those members. The Company paid commissions of approximately \$4,800,000 to the members for those transactions during the 15-month period ended March 31, 2008.

Pursuant to an agreement with the Company, Geronimo Financial, Inc., former sole member, paid certain expenses incurred by the Company in return for agreed-upon reimbursements ("Shared Service Expenses"). Total expenses incurred by Geronimo Financial, Inc. on behalf of the Company were approximately \$392,000 for the 15-month period ended March 31, 2008, all of which was paid during the period. Such services principally represent the Company's share of employee cost, rents and other office expenses while the Company was owned by Geronimo Financial, Inc.

Pursuant to an agreement with the Company, Wedge Partners, Inc., sole member, pays the Company's share of salaries, wages and benefits in return for agreed-upon reimbursements. These reimbursements were approximately \$505,000 for the 15-month period ended March 31, 2008.

Note 3 - Net Capital Requirement

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule ("SEC Rule 15c3-1"), which requires the maintenance of minimum net capital of \$100,000. The Company's net capital at March 31, 2008 was \$297,438. Net capital may fluctuate on a daily basis. Additionally, SEC rule 15c3-1 requires that the aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The Company's net capital ratio was 2.05 to 1 as of March 31, 2008.

Note 4 - Commitments

Operating Leases

The Company leases office space under non-cancelable operating leases. Rent expense for the year ending March 31, 2008 was \$47,872.

Future minimum lease payments under these leases are approximately as follows:

Year Ending March 31,

2009	\$ 64,386
2010	65,940
2011	<u>33,360</u>
	<u>\$ 163,686</u>

ACCOMPANYING INFORMATION

WEDGE SECURITIES, LLC

Computation of Aggregate Indebtedness and Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Commission March 31, 2008

Net Capital

Total member's equity	\$ 364,859
Additions/deductions	
Prepaid expenses	(21,253)
Property and equipment, net	(31,168)
Deposit	<u>(10,000)</u>
Net capital before haircuts	302,438
Haircut-fidelity bond	<u>(5,000)</u>
Net capital	<u>\$ 297,438</u>

Aggregate Indebtedness

Accounts payable and accrued liabilities	\$ 56,648
Commissions payable	184,000
Due to member	<u>369,131</u>
Total aggregate indebtedness	<u>\$ 609,779</u>

Computation of Basic Net Capital Requirements

Required minimum net capital	<u>\$ 100,000</u>
Capital in excess of minimum requirement	<u>\$ 197,438</u>
Ratio of aggregate indebtedness to net capital	<u>2.05</u>

Reconciliation with Company's computation:

There are no differences in the above computation of net capital pursuant to Rule 15c3-1 and the corresponding computation as filed by the Company with the unaudited Form X-17A-5 as of March 31, 2008.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
REQUIRED BY SEC RULE 17a-5**

To the Member
Wedge Securities, LLC
Englewood, Colorado

In planning and performing our audit of the financial statements of Wedge Securities, LLC (the "Company"), as of and for the 15-month period ended March 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

To the Member
Wedge Securities, LLC

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at March 31, 2008, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Ehrhardt Keefe Steiner + Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

May 27, 2008
Denver, Colorado